

South Carolina Agriculture & Natural Resources Conservation Panel Members

The Honorable D. Leslit Tindal South Carolina Commissioner of Agriculture

Alfred H. Vang, Chairman Deputy Director South Carolina Department of Natural Resources

Mark W. Berkland State Conservationist USDA-Natural Resources

Fred Broughton Director, Minority Farmers Program South Carolina State University

Dr. John Kelly Vice President Public Services & Agriculture Clemson University

Laurie Lawson Executive Director USDA-Farm Service Agency

James H. McLeod President South Carolina Association of Conservation Districts

David Winkles President South Carolina Farm Bureau Federation Von P. Snelgrove Chief, Conservation Districts South Carolina Department of Natural Resources

Bernie Wright State Director USDA-Rural Development

Dr. Chris Sieverdes, Facilitator Extension Community Development Clemson University

PROSPECTS FOR SUSTAINABILITY:

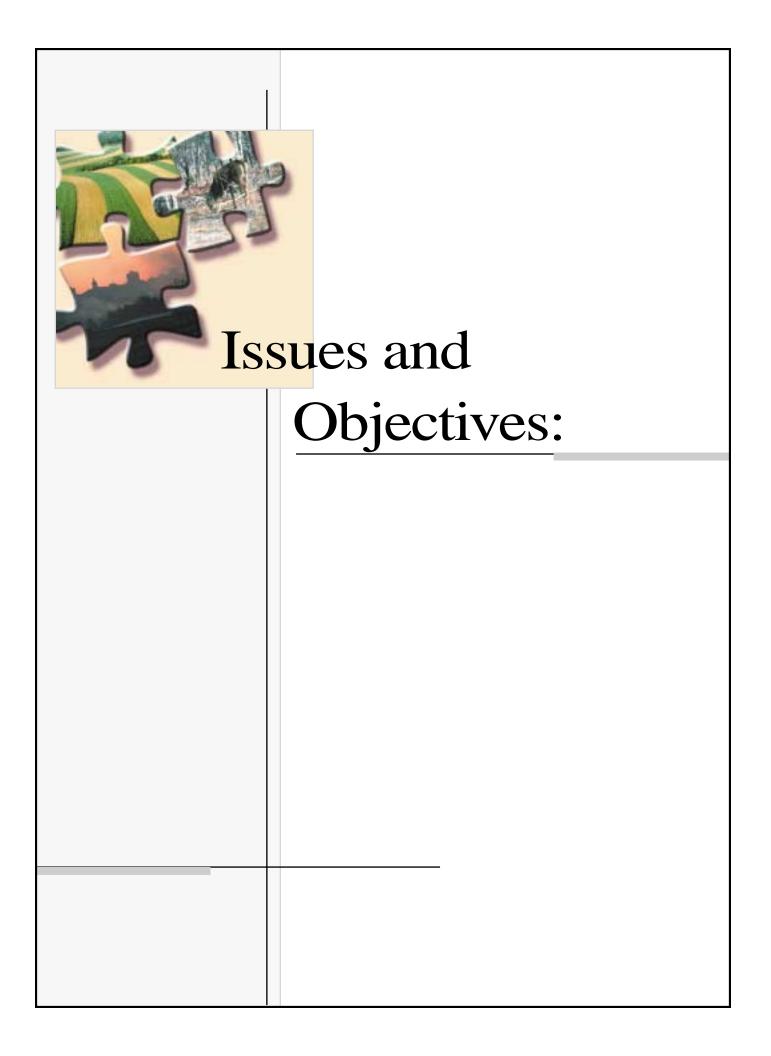
A New Direction for Agriculture and Natural Resources Conservation

Representatives from South Carolina's leading agricultural, conservation and natural resources management organizations have been meeting since February 1999 to review the state of the State regarding agricultural and natural resources conservation policies. Their vision is the development of policy recommendations to enhance agricultural production, natural resource conservation, profitability and economic growth in South Carolina.

The American economy has flourished during the decade of the 1990s, growing an average of 5.1 percent each year. Farmers and ranchers, on the other hand, have been on an economic roller coaster during the decade. The ride has been downhill since 1998, when commodity prices tumbled to their lowest point in the last 30 years, and farmers felt the full impact of the Asian economic slowdown and increased competition from other exporters.

We are heading towards a future of fewer farms, more houses, and more people per acre across South Carolina. While industry and development bring economic opportunities, they may place our state's natural resources at risk by producing air and water pollution, traffic congestion, overcrowded schools, and depletion of valuable lands.

South Carolina has a stake in conserving open and productive lands. We need to revitalize our urban cores, but we must also protect our open spaces, outdoor lifestyles, and farmland. Comprehensive land-use planning should be encouraged in our communities to designate growth and nongrowth areas. Effective policies can impact land use patterns and green space by addressing sustainable economic development, the effective marketing of agriculture, and environmental awareness.



SUMMARY OF MAJOR ISSUES AND OBJECTIVES

I. Sustainable Economic Development

Issue: There are very few provisions for South Carolina agricultural and natural resources businesses and interests to have a stable, sustainable economic future in an increasingly competitive global economy.

Objective: Cultivate an agri-business environment in South Carolina so that farmers will have a stable financial future. Develop agricultural and natural resources research models which reflect "real world" situations and adopt policies and incentive systems to support efficient agri-business operations.

II. Marketing of Agriculture

Issue: South Carolina owners and managers of agri-business must compete in a global economy. The ability to compete successfully is influenced by farm size, urbanization, climatic factors, and a safe and reliable source of water.

Objective: Promote effective marketing of agricultural products grown in South Carolina. State-grown products should be marketed to take advantage of communication and transportation systems, consumer interests, access to larger markets, and changing demographics.

III. Environmental Issues and Awareness

Issue: South Carolinians must gain an appreciation of the link between agriculture, natural resources, sustainable economic development, and the quality of family and community life.

Objective: Promote public understanding of the need for stewardship of South Carolina's agricultural and natural resources.

IV. Tobacco Related Agri-business

Issue: South Carolina's tobacco industry has been downsized as a result of the nation's tobacco settlement which will affect the state's economy.

Objective: Tobacco producers must link with groups and agencies in the private and public sectors to successfully cope with the potential downsizing of the tobacco agri-business sectors in South Carolina.

ISSUES AND OBJECTIVES

I. Sustainable Economic Development

A. State-Funded Cost Share Program

Fund, on a recurring basis, a statewide non-regulatory cost share program to assist land users in solving some of the state's environmental problems and to provide a financial incentive to land users implementing best management practices. This program would require at least a 50/50 match and could result in additional funds from a number of federal and local sources being leveraged.

B. Conservation Reserve Enhancement Program (CREP)

The CREP is a state-federal conservation partnership program targeted to address specific state and nationally significant water quality, soil erosion, and wildlife habitat issues related to agricultural use. This is an excellent opportunity to have a positive influence on water quality, fish and wildlife habitats within a particular region of the state. Staff of the South Carolina Department of Natural Resources (SCDNR) and several federal agencies have identified the entire Pee Dee River Basin which includes the Winyah Bay Focus Area for inclusion in this program. This program would address water quality (turbidity/sedimentation, nutrient runoff) and wildlife habitat (small animal and bird habitat). Habitat protection is an issue the SCDNR Board addressed through a resolution adopted at its August 20, 1999, board meeting. Funding would be through a cost share between the state and federal governments for 10 years with the state match of 20% and a federal government match of 80% in cash.

C. Crop Insurance Program

Promote a crop insurance program at different income levels to cover risks of crop loss or zero-profit situations for South Carolina farmers. This model should reflect varying approaches to different crops which can be or are currently grown in South Carolina. Special recognition is given to risks associated with new crops and tobacco substitutes.

D. Tax Incentives Program

- 1. Examine the current economic development incentives to provide parity for all agri-businesses.
- 2. Other Financial Incentives: Use incentives to engage agri-business owners in educational programs provided in the private and public sector tied to technology, contracts, labor practices, risk management, business plans, and marketing plans.

3. Increase the state tax incentive to construct ag ponds from \$2,500 to \$15,000 and streamline the permitting process so that it is customer friendly.

E. Estate Taxes

Promote an increase in the maximum deductions available with the state inheritance tax for agricultural, forest land, and agri-business enterprises, with ultimate elimination of estate taxes in South Carolina.

F. Federal Funding

Establish state funds for matching funds and/or other incentives to provide grants, incentives, and zero (or low) interest loans to agri-business and small farm operations as a financial safety net for using efficient practices.

G. Research

Increase investment in research which will generate a better understanding of the dynamics of South Carolina's agricultural and natural resources base. Be certain that research generated has an educational transfer to the users.

H. Capital Assets

Provide financial incentives for the installation and maintenance of irrigation systems for agricultural production.

- 1. Promote the application and improvement of contemporary irrigation systems technology, pivot systems, and drip systems.
- 2. Provide incentives to upgrade or retrofit existing irrigation systems to improve efficiency and promote cost reduction.
- 3. Provide access to irrigation equipment and provide education to train technicians in the most effective and efficient use of irrigation systems.
- 4. Provide access to water for irrigation and other environmental concerns.

II. Marketing of Agriculture

A. Farmer's Markets

Optimize and strengthen the state's farmers market system.

B. South Carolina Quality

Provide more visibility for products produced in South Carolina or the region.

C. Reach Small Farmers

Provide education programs in the areas of production, marketing, and management of products for small operation farmers.

D. Promote "Value-Added" Agri-business

Provide state economic development incentives for new agri-business firms locating in South Carolina or existing firms that are expanding. Broaden the qualifications for incentives to include large greenhouse/nursery companies that employ full time workers and provide benefits on par with manufacturing firms.

III. Environmental Issues and Awareness

A. Agriculture and Natural Resources Stewardship Observance Declare an annual observance to call attention to the importance of agriculture and natural resources stewardship.

B. Balanced Legislation

Regulations must be consistent, realistic, enforceable, and economically based.

C. Safe Water Sources

Encourage the use of best management practices (BMPs) for water use, conservation, and pollution prevention in urban and rural communities.

D. Agricultural and Natural Resources Conservation - Environmental Collaboration

Establish a more comprehensive approach to the management of agricultural and natural resources in South Carolina whereby the agencies increase their level of communication, cooperation, and mutual problem solving through the establishment of a review, follow-up, and feedback process.

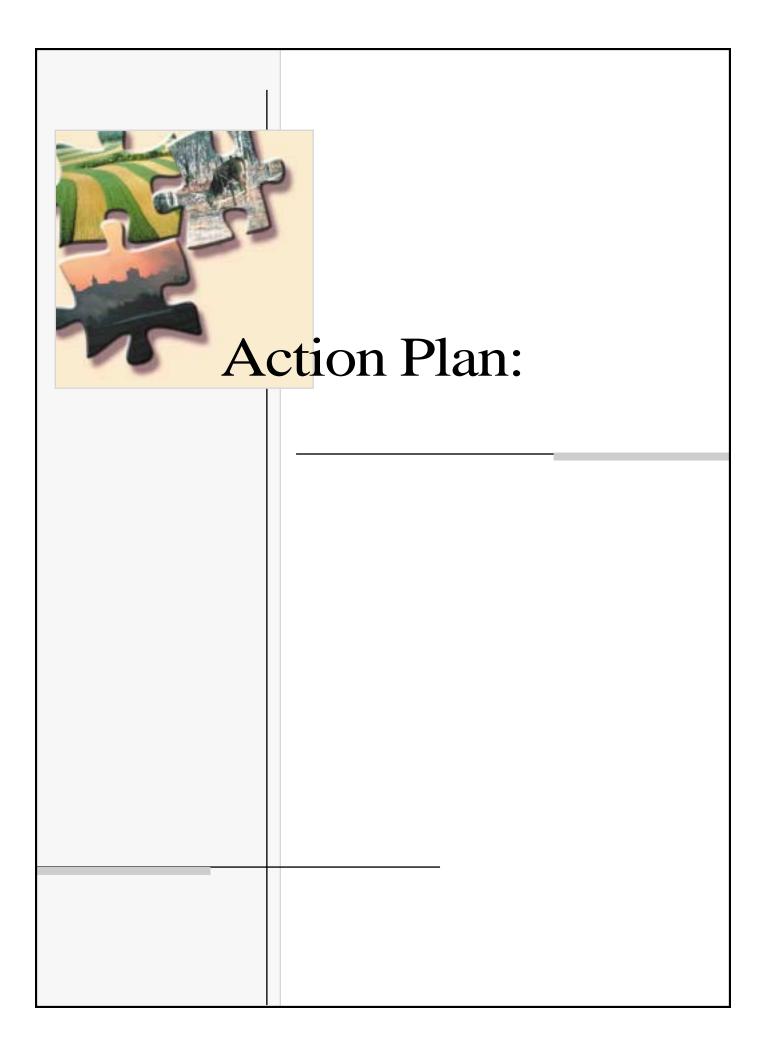
IV. Tobacco Related Agri-business

A. Tobacco Settlement

Shape favorable policy regarding the tobacco settlement which will ensure wholeness of the farmer.

B. Economic Development

Tobacco-related businesses should be recognized as key players in their communities' economic development and should receive incentives in order to remain viable.



ACTION PLAN

I. Sustainable Economic Development

A. State Funded Cost Share Program

A commitment of funding and continued support through the Governor's budget proposal and appropriate legislative committees will ensure success of this program.

B. Conservation Reserve Enhancement Program (CREP)

A commitment of funding and continued support through the Governor's budget proposal and appropriate legislative committees will ensure success of this program. Work also needs to be done to ensure that legislators representing this area are in agreement with the idea, i.e., A Formal Memorandum of Understanding with the South Carolina Commissioner of Agriculture and/or the United States Department of Agriculture (USDA) should be developed.

C. Crop Insurance Program

Encourage the Southern Governors' Conference and our Congressional delegation to establish a crop insurance program as a bipartisan priority with other congressmen from the Southeast.

D. Tax Incentives Program

Any review or proposed changes to the State Tax Code should allow the same deductible items for agricultural businesses as for other businesses, i.e., no tax on any input item.

Resources should be provided to recruit and locate agricultural-related industries in South Carolina. This should include recruiters directed to find agricultural industries and incentive packages to enhance interest in South Carolina as a business location.

Increased funding for *Ag in the Classroom* and adult education programs, especially Cooperative Extension Programs, offered through Clemson University should be supported. Support from the Department of Education is needed in the development of programs for local schools (technical colleges, colleges and universities) that may be offered to agribusiness owners.

E. Estate Taxes

South Carolina Tax Code changes need to be proposed.

F. Federal Funding

Provide state coordination of grant proposals to the federal government to bring in matching dollars. Also, establish a State Fund in the event matching funds do become available. Seek assistance from the South Carolina Congressional Delegation.

G. Research

Increased funding is needed for the development of balanced agricultural and natural resources research models reflecting real world situations.

H. Capital Assets

Funding is needed for extension education programs that will increase awareness among agri-business owners regarding benefits, appropriate use, and maintenance of irrigation systems for agricultural production.

Promote the development of a water allocation system for agricultural use, especially during low flow periods.

An increase in the state tax incentive for construction of agricultural ponds is needed as a part of the Governor's budget and then as a legislative priority to encourage permitting. One proposal would be for a staff person (permit facilitator) to assist in the permitting process, similar to the process used for aquaculture permits through the Department of Agriculture.

II. Marketing of Agriculture

A. Farmer's Markets

In order to optimize and strengthen the state's farmers market system, cooperative financial support is needed from the Governor, the General Assembly and the SC Department of Agriculture.

B. "South Carolina Quality" Products

All agencies should be directed to promote "South Carolina Quality" products. Encourage use of South Carolina products in purchases and inclusion of South Carolina produced products in all state promotional materials.

C. Reach Small Farmers

Increase funding for extension programs at both Clemson University and South Carolina State University. Encourage the South Carolina Department of Education to assist with *Ag in the Classroom* and in the development of adult education programs that can be offered at local schools (technical colleges, colleges and universities).

D. "Value-Added" Agribusiness

The Governor's office and Department of Commerce are essential to the success of this objective. The economic impact of agriculture needs to be stressed to members of the General Assembly. Local governments that would be impacted need to also be a part of this on the front end.

III. Environmental Issues and Awareness

The Governor's office can ensure a successful public awareness and appreciation campaign by issuing an official proclamation designating an annual one-week observance of natural resources stewardship and agriculture appreciation.

We need to continue to work with all branches of government on the role of protecting the environment and have an open mind when issues emerge. Government agencies (including local governments) that regulate the environment must maintain active communication links between them.

IV. Tobacco Related Agri-business

A. Tobacco Settlements

A broad based task force of community leaders is needed to develop a legislative proposal for the General Assembly which will provide direction regarding the utilization of tobacco-related lawsuit funds. A prime concern to tobacco farmers and tobacco communities is to assure that a major portion of these funds are provided to tobacco producers who are suffering economic losses.

B. Economic Development

Steps should be taken to assist in the area of public education concerning the importance of the tobacco industry to South Carolina. This educational program should also stress the financial losses incurred by this industry and the need to support farmers who have suffered these losses.



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